

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Tc Leg. I Fiscal
FTE	133.47	.00	13.00	146.47	.00	13.00	146.47	
Personal Services	5,214,649	176,517	462,204	5,853,370	137,346	459,022	5,811,017	11
Operating Expenses	10,430,149	391,296	4,520,214	15,341,659	400,253	4,488,659	15,319,061	30
Equipment	237,532	0	39,795	277,327	0	2,914	240,446	
Grants	6,510,191	0	3,027,040	9,537,231	0	2,924,980	9,435,171	18
Benefits & Claims	183,174,481	9,674,769	15,799,320	208,648,570	17,814,022	16,606,965	217,595,468	426
Debt Service	796	0	0	796	0	0	796	
Total Costs	\$205,567,798	\$10,242,582	\$23,848,573	\$239,658,953	\$18,351,621	\$24,482,540	\$248,401,959	\$488
General Fund	44,225,101	(1,984,566)	4,107,497	46,348,032	(1,031,087)	4,263,113	47,457,127	93
State/Other Special	9,584,638	608,084	0	10,192,722	307,102	0	9,891,740	20
Federal Special	151,758,059	11,619,064	19,741,076	183,118,199	19,075,606	20,219,427	191,053,092	374
Total Funds	\$205,567,798	\$10,242,582	\$23,848,573	\$239,658,953	\$18,351,621	\$24,482,540	\$248,401,959	\$488

### Program Description

The division is responsible for the development and implementation of health programs that improve the health and safety of Montanans. The division provides or contracts for a wide range of services that include primary and acute care Medicaid services and public health services.

Statutory References: Medicaid is authorized under Title 53, Chapter 6, MCA, and Title XIX of the Social Security Act; public health services, Title 50, MCA.

### Program Narrative

The Health Policy and Services Division (HPSD) 2001 biennium budget is \$76.9 million higher than the fiscal 1998 base budget. Present law adjustments add \$28.6 million total funds, including a reduction of \$3 million general fund, and new proposals add \$48.3 million, including \$8.4 million general fund.

The general fund increase in new proposals and present law adjustments is \$13.0 million, compared to a total general fund increase of \$5.4 million listed in the division budget summary table. The general fund increase in the division summary table is less than new proposals and present law adjustments because the executive included the change in the federal matching rate for Medicaid benefits as a funding adjustment in the present law base budget. The federal matching rate rises about 2 percent from fiscal 1998 to fiscal 2000 and an estimated 2.7 percent from fiscal 1998 to fiscal 2001. General fund savings due to the increased federal matching rate are about \$8.7 million over the biennium for the division budget.

The division budget summary table reflects only appropriations from HB 2 and does not include \$8 million general fund appropriated in SB81 to fund the state match for the CHIP (Children's Health Insurance Program) and the expansion in Medicaid cases due to CHIP outreach. Therefore, the total department appropriation will be \$4 million general fund per year higher than the amounts shown in the summary table.

The most significant changes in the legislative appropriation are:

- Medicaid caseload and cost increases of \$38.4 million, including a net reduction of \$2.1 million general fund due to the increase in the federal matching rate;
- \$23.5 million in federal matching funds and 4.0 FTE to administer the Children's Health Insurance Program authorized by SB 81, which appropriates \$8 million general fund matching funds;

- expanded tobacco prevention and control that adds 5.0 FTE and \$8 million total funds, including \$7.0 million general fund over the biennium;
- 11 new or increased federal grants that add \$6 million and 2.0 FTE;
- a rebase of hospital reimbursement formulas that adds \$2.7 million, including \$0.7 million general fund;
- a 1 percent provider rate increase for non-hospital services for \$1.8 million, including \$0.5 million general fund; and
- 2.0 FTE to manage programs expected to reduce Medicaid expenditures by \$750,000, including about \$123,000 general fund.

Table 13 shows the 2001 biennium appropriation compared to fiscal 1998 actual expenditures. The 2001 biennium budget increases about 6.5 percent annually above the fiscal 1998 base budget. General fund declines as a percent of the total budget, from 21.5 percent in fiscal 1998 to 19.1 percent in fiscal 2001. The reduction is due to the increase in the federal Medicaid benefit matching rate and the appropriation of the federal matching funds for CHIP in HB 2. The general fund match for CHIP (\$8 million general fund over the biennium) is appropriated in SB 81, which specifies that the general fund supporting CHIP and tobacco cessation activities is supported by tobacco settlement funds received by the state and deposited to the general fund.

Function	Fiscal 1998				Fiscal 2000				Fiscal 2001				Per of 1
	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	
Division Administration	\$158,599	\$105	\$573,492	\$732,199	\$189,970	\$6,510	\$1,351,701	\$1,548,181	\$189,388	\$6,490	\$1,350,345	\$1,546,223	(
Medicaid Program*	41,740,939	7,804,095	130,422,725	179,967,759	40,285,724	8,383,582	158,047,769	206,717,075	41,398,869	8,084,487	166,111,435	215,594,791	8)
Health Systems	474,244	33,361	2,422,285	2,929,890	3,959,555	34,221	3,724,038	7,717,814	3,958,350	34,137	3,710,179	7,702,666	:
Family & Community Health	1,255,332	0	15,584,637	16,839,969	1,288,248	0	16,760,973	18,049,221	1,288,137	0	16,653,814	17,941,951	:
Communicable Disease Prev.	<del>595,987</del>	<del>1,747,077</del>	<del>2,754,920</del>	<del>5,097,984</del>	<del>624,535</del>	<del>1,768,409</del>	<del>3,233,718</del>	<del>5,626,662</del>	<del>622,383</del>	<del>1,766,626</del>	<del>3,227,320</del>	<del>5,616,329</del>	:
Total	<u>\$44,225,101</u>	<u>\$9,584,638</u>	<u>\$151,758,059</u>	<u>\$205,567,801</u>	<u>\$46,348,032</u>	<u>\$10,192,722</u>	<u>\$183,118,199</u>	<u>\$239,658,953</u>	<u>\$47,457,127</u>	<u>\$9,891,740</u>	<u>\$191,053,093</u>	<u>\$248,401,960</u>	10)
Percent of Total	21.51%	4.66%	73.82%	100.00%	19.34%	4.25%	76.41%	100.00%	19.10%	3.98%	76.91%	100.00%	
Compounded Annual Rate of Change From Fiscal 1998 Base					2.37%	3.12%	9.85%	7.97%	2.38%	1.06%	7.98%	6.51%	

\*The federal appropriations for the Children's Health Insurance Program and health services for low-income children are included in the Medicaid Program in this summary. The \$ 8 million general fund match for CHIP and Medicaid caseload growth due to CHIP outreach is appropriated in SB 81 and is not included in this table. If the SB 81 general fund appropriation were included in this table, it would raise the total division general fund and total funds appropriations by about \$4 million per year and the total general fund share would rise to about 20.7 percent in fiscal 2000 and 20.4 percent in fiscal 2001.

The state special revenue appropriation declines between fiscal 2000 and fiscal 2001 because the legislature appropriated the ending fund balance in the 9-mill levy state special revenue account (\$495,945 in fiscal 2000). Funds in the account are from state assumed counties that levy and remit 9 mills of property tax revenue to the state in exchange for the state assuming administration and financial responsibility for public assistance and foster care services. The 9-mill income is levied for the cost of administrative and benefit services in the Human and Community Services and Child and Family Services Divisions, but budgeted in the Medicaid program due to historic precedence.

As noted in the agency summary discussion, the department was appropriated \$1.5 million more in 9-mill levy state special revenue authority than is expected to be received from state assumed

counties. The appropriation is based on mill values in fiscal 1998 and was not adjusted for changes in several bills affecting personal property taxation, most notably SB 184.

Federal revenues increase as a percent of total budgeting from 74 percent in fiscal 1998 to 77 percent in fiscal 2001. The increase is due primarily to the increase in the federal matching rate for Medicaid benefits and also due to the federal CHIP appropriation.

The Medicaid program is the largest component of the division budget, accounting for 87 percent of the total and general fund appropriations in fiscal 2001. Family and community health, the next largest component with 7 percent of the fiscal 2001 appropriation, is primarily federally funded, including three large grants - Women, Infants and Children, the Maternal and Child Health Block Grant, and the Preventive Health Block Grant.

Table 14 shows the base budget and 2001 biennium appropriation for each administrative component, grant and benefit administered by the division. Administrative costs grow slightly from 7.7 percent of the total base budget to 8.6 percent of the total fiscal 2001 appropriation. General fund administrative costs increase at a higher rate, rising from 8.4 percent of the general fund base budget expenditures to 11.9 percent of the fiscal 2001 appropriation, largely because of the \$1.8 million general fund appropriation to support tobacco control and cessation activities.

Table 14 Fiscal 1998 Expenditures Compared to 2001 Biennium Legislative Appropriation by Major Function Health Policy and Services Division												
Function	Fiscal 1998 Base				Fiscal 2000				Fiscal 2001			
	General Fund	SSR	Federal Funds	Total Funds	General Fund	SSR	Federal Funds	Total Funds	General Fund	SSR	Federal Funds	Total Funds
<b>ADMINISTRATION</b>												
Division Administration	\$158,599	\$105	\$573,492	\$732,199	\$189,970	\$6,510	\$1,351,701	\$1,548,181	\$189,388	\$6,490	\$1,350,345	\$1,546,2
Medicaid Administration	1,787,947	105,916	2,722,094	4,615,957	1,864,183	107,637	2,812,977	4,784,797	1,858,753	107,487	2,806,618	4,772,8
CHIP Administration	0	0	0	0	0	0	1,106,388	1,106,388	0	0	1,049,144	1,049,1
Health Systems	474,244	33,361	2,422,285	2,929,890	2,219,131	34,221	3,294,038	5,547,390	2,217,926	34,137	3,280,179	5,532,2
Family & Community Health	716,784	0	2,217,134	2,933,918	749,700	0	2,536,854	3,286,554	749,589	0	2,531,755	3,281,3
Communicable Disease Prev.	595,987	1,327,767	2,747,411	4,671,165	624,535	1,349,099	3,226,209	5,199,843	622,383	1,347,316	3,219,811	5,189,5
<b>TOTAL ADMINISTRATION</b>	<b>\$3,733,561</b>	<b>\$1,467,149</b>	<b>\$10,682,416</b>	<b>\$15,883,120</b>	<b>\$5,647,519</b>	<b>\$1,497,467</b>	<b>\$14,328,167</b>	<b>\$21,473,153</b>	<b>\$5,638,039</b>	<b>\$1,495,430</b>	<b>\$14,237,862</b>	<b>\$21,371,3</b>
Percent of Total Budget	8.44%	15.31%	7.04%	7.73%	12.19%	14.69%	7.82%	8.96%	11.88%	15.12%	7.45%	8.6
<b>GRANTS</b>												
Tobacco Control	\$0	\$0	\$0	\$0	\$1,740,424	\$0	\$430,000	\$2,170,424	\$1,740,424	\$0	\$430,000	\$2,170,4
Women, Infants and Children	0	0	3,218,375	3,218,375	0	0	4,009,373	4,009,373	0	0	3,907,313	3,907,3
Family Planning	0	0	977,641	977,641	0	0	1,043,259	1,043,259	0	0	1,043,259	1,043,2
MIAMI	538,548	0	0	538,548	538,548	0	0	538,548	538,548	0	0	538,5
Children's Special Health Svcs.	0	0	543,826	543,826	0	0	543,826	543,826	0	0	543,826	543,8
Maternal/Child Health Grant	0	0	804,982	804,982	0	0	804,982	804,982	0	0	804,982	804,9
Preventive Health Grant	0	0	0	0	0	0	0	0	0	0	0	0
Food/Consumer Safety	0	419,310	0	419,310	0	419,310	0	419,310	0	419,310	0	419,3
Sexual Assault	0	0	7,509	7,509	0	0	7,509	7,509	0	0	7,509	7,5
<b>TOTAL GRANTS</b>	<b>\$538,548</b>	<b>\$419,310</b>	<b>\$5,552,333</b>	<b>\$6,510,191</b>	<b>\$2,278,972</b>	<b>\$419,310</b>	<b>\$6,838,949</b>	<b>\$9,537,231</b>	<b>\$2,278,972</b>	<b>\$419,310</b>	<b>\$6,736,889</b>	<b>\$9,435,1</b>
Percent of Total Budget	1.22%	4.37%	3.66%	3.17%	4.92%	4.11%	3.73%	3.98%	4.80%	4.24%	3.53%	3.8
<b>BENEFITS</b>												
<b>Medicaid Services</b>												
Primary Care Non-Hospital	\$18,295,177	\$7,698,179	\$60,984,346	\$86,977,702	\$18,103,919	\$8,275,945	\$71,750,119	\$98,129,983	\$19,162,020	\$7,977,000	\$76,069,328	\$103,208,3
Primary Care Hospital	19,252,332	0	45,292,803	64,545,135	17,511,356	0	45,388,631	62,899,987	17,361,383	0	46,420,334	63,781,7
Medicare Buy-In	2,405,483	0	5,655,800	8,061,283	2,706,266	0	7,014,519	9,720,785	2,916,713	0	7,798,620	10,715,3
Indian Health Services	0	0	15,767,682	15,767,682	0	0	19,341,418	19,341,418	0	0	21,275,560	21,275,5
CHIP*	0	0	0	0	0	0	10,633,717	10,633,717	0	0	10,691,831	10,691,8
Women, Infants and Children	0	0	7,822,679	7,822,679	0	0	7,822,679	7,822,679	0	0	7,822,679	7,822,6
Health Services for Low-Incom Children	0	0	0	0	100,000	0	0	100,000	100,000	0	0	100,0
<b>TOTAL BENEFITS</b>	<b>\$39,952,992</b>	<b>\$7,698,179</b>	<b>\$135,523,340</b>	<b>\$183,174,481</b>	<b>\$38,421,541</b>	<b>\$8,275,945</b>	<b>\$161,951,083</b>	<b>\$208,648,569</b>	<b>\$39,540,116</b>	<b>\$7,977,000</b>	<b>\$170,078,352</b>	<b>\$217,595,4</b>
Percent of Total Budget	90.34%	80.32%	89.30%	89.11%	82.90%	81.19%	88.44%	87.06%	83.32%	80.64%	89.02%	87.6
<b>TOTAL BUDGET/APPROP.</b>	<b>\$44,225,101</b>	<b>\$9,584,638</b>	<b>\$151,758,059</b>	<b>\$205,567,801</b>	<b>\$46,348,032</b>	<b>\$10,192,722</b>	<b>\$183,118,199</b>	<b>\$239,658,953</b>	<b>\$47,457,127</b>	<b>\$9,891,740</b>	<b>\$191,053,093</b>	<b>\$248,401,9</b>
Percent of Total Budget	21.51%	4.66%	73.82%	100.00%	19.34%	4.25%	76.41%	100.00%	19.10%	3.98%	76.91%	100.0
Compounded Annual Rate of Increase From Fiscal 1998 Base					2.37%	3.12%	9.85%	7.97%	2.39%	-2.95%	4.33%	3.6

\*This table does not include the \$8 million general fund for CHIP match appropriated in SB 81. If it did, the general fund benefits appropriation total would be about \$3 million higher each year of the biennium and the general fund benefits appropriation would rise to about 84 percent of the total appropriation each year of the biennium.

### Administration

Division administration includes staff and resources that provide overall direction, leadership, fiscal, and policy services for all programs administered by the division. The \$975,000 annual increase includes a \$750,000 new proposal to continue the Integrated Data for Evaluation and Assessment project (see new proposal 16), annualization of the fiscal 1999 pay plan, and adjustments for rent and data network services. The cost of division administration is allocated among all division programs.

Medicaid administration funds the staff and resources that administer Medicaid programs. The \$170,000 annual increase funds 2.0 FTE and contracted services that result in a net reduction in Medicaid benefits costs, statewide adjustments for position upgrades, annualization of the 1999 pay plan, and data network services.

CHIP administration supports the staff and resources to administer the CHIP program. Only the federal funding for CHIP is shown in Table 14, while the state matching funds are appropriated in SB 81. Federal funds require a state match based on a percentage of the match rate for Medicaid benefits. The Montana match requirement for CHIP funding is about 20 percent. Therefore, total administrative costs for CHIP will be about \$300,000 more than listed in Table 14 (\$1.4 million in fiscal 2000 and \$1.3 million in fiscal 2001). Administrative costs are limited to 10 percent of total CHIP expenditures. The CHIP appropriation funds 4.0 new FTE.

The Health Systems Bureau administration includes staff and resources that administer public health programs such as emergency medical services, emergency medical technician testing, licensing, and re-certification, tobacco control, and diabetes control. The 2001 biennium annual appropriation rises by almost 50 percent from the fiscal 1998 base, largely due to the \$1.8 million increase in funding for tobacco control. Federal grant increases for diabetes control, emergency medical services, a chronic epidemiologist, and funding for medical students to gain experience in rural medicine add another \$600,000 each year. The appropriation increases fund 7.0 new FTE – 5.0 for tobacco control, 1.0 to manage a trauma system development grant, and 1.0 chronic disease epidemiologist.

The Family and Community Health Bureau administers public health programs including the Women, Infants, and Children (WIC) program, Family Planning, and the Montana Initiative for the Abatement of Mortality in Infants (MIAMI) and perinatal programs, Children's Special Health Services, and county grants from the Maternal and Child Health Block Grant. The appropriation for bureau administration increases about \$350,000 annually over the base budget primarily due to addition of two federal grants: 1) a \$150,000 grant to review fetal, infant, and child deaths in Montana; and 2) an abstinence education grant that adds about \$120,000 annually.

The Communicable Disease Prevention Bureau oversees the Public Health Lab, the AIDS prevention and sexually transmitted disease prevention and sexual assault programs, and communicable disease and tuberculosis prevention programs. The administrative budget rises about \$500,000 per year primarily due to two federal grants for AIDS prevention (\$300,000) and food borne illness surveillance (\$127,000).

### Grants

Grants comprise the smallest share of the total budget (4 percent). The annual appropriation for grants rises about \$3 million from the base budget. The most significant grant increase is the general fund appropriation for tobacco control - \$1.7 million annually. General fund was added

to HB 2 to support tobacco control grants. However, SB 81 stipulates that the tobacco control appropriation from the general fund is supported by funds received from the tobacco settlement and deposited to the general fund.

The WIC nutrition program, which provides education and assessment to low-income pregnant women, infants, and children, increases about \$800,000 annually due to increased federal grant funding. (WIC benefits provide funds for food vouchers.) The WIC appropriation increase was inadvertently recorded entirely in the grants expenditure category. However, some of the funds will be used to purchase equipment and pay for program operating costs to support additional WIC grant funds. Family planning grants to counties and other entities increase about \$65,000 due to a federal abstinence education grant.

All other grants listed in Table 14 remain at the fiscal 1998 base budget level. MIAMI grants to local entities help prevent low-birth weight babies and improve pregnancy outcomes. Children's Special Health Services identifies children from birth to age 18, with special health care needs and provides for medical evaluation, treatment, and management of certain specified handicapping conditions. The Maternal Child Health Block Grant allocations to local governments funds primary and preventive health services for children.

### Benefits

Benefits appropriations are the most significant division expenditure accounting for 88 percent of the total 2001 biennium appropriation. Medicaid funded services are the largest component of benefit expenditures accounting for \$199 million of the \$217.6 million fiscal 2001 appropriation.

The total appropriation for Medicaid benefits is about \$2.6 million general fund higher over the biennium than the amount shown in Table 14. SB 81 appropriates the general fund match for expected Medicaid caseload growth due to CHIP outreach.

The largest Medicaid benefit administered by this division – primary care non-hospital services – accounts for 42 percent of the total fiscal 2001 division appropriation. Non-hospital services include services such as physicians, dental, and prescription drugs. The 2001 biennium appropriation is about \$27.4 million higher than the fiscal 1998 base budget, while the general fund share increases less than \$1 million because of the increase in the federal match rate. A small amount of the primary care non-hospital appropriation increase is a 1 percent provider rate increase that adds \$1.8 million over the biennium. The balance of the increase is due to increased utilization of services and increases in the number of elderly and disabled persons eligible for Medicaid services. The number of low-income families with dependent children eligible to receive Medicaid is expected to remain nearly the same as the number that were eligible during fiscal year 1998.

The non-hospital services provider rate increase will be used to continue implementation of the resource-based relative value scale (RBRVS) provider reimbursement system initially implemented during the 1999 biennium. The legislature added language to HB 2 directing the department to use the provider rate increase to raise rates paid to those services that are paid the lowest percentage of RBRVS reimbursement. (RBRVS is based on Medicare methodology for reimbursement of services.) The department is directed to freeze reimbursement at the fiscal 1999 level of reimbursement for all other procedure codes previously decreased under the phase in of the RBRVS reimbursement system.

The primary care hospital services 2001 biennium appropriation is less than the fiscal 1998 base

budget by about \$2.4 million total funds. Due to the increase in the federal matching rate, the 2001 biennium appropriation is \$3.7 million general fund lower than base budget expenditures. Hospital services appropriations decline despite an increase of \$2.7 million to rebase the diagnostic related group (DRG) reimbursement rates. The executive also requested \$2.0 million for an additional 1 percent provider rate increase for hospitals, but the legislature only approved the DRG increase, which exceeds a 1 percent rate increase.

The Medicare buy-in pays for Medicare Part B premiums for Medicaid-eligible persons who are 65 years of age or older. Medicare (federal funds) then pays for 80 percent of their medical expenses, leaving a liability of only 20 percent for Medicaid, which is partially funded with general fund. The 2001 biennial increase is driven largely by the cost of Medicaid premium increases that are established by federal regulations.

Indian health benefits, funded entirely from federal funds, reimburse the Indian Health Service for medical services provided to Medicaid-eligible persons on the Flathead, Blackfeet, Rocky Boy, Fort Belknap, Crow, Northern Cheyenne, and Fort Peck Indian reservations. The increase in this benefit is attributable to projected cost increases.

The legislature appropriated \$15.6 million federal funds in HB 2 for the CHIP program. The 20 percent state match and match for Medicaid expansion is appropriated in SB 81 (\$8 million total general fund over the biennium, with \$5.4 million allocated to CHIP and \$2.6 million allocated to Medicaid). CHIP provides health care services for children in families with incomes up to 150 percent of the poverty level (\$25,050 for a family of 4 in 1999). CHIP does not pay for health services for adults. DPHHS contracts with

Table 15  
Health Policy and Services Funding Summary

Fund Source	Fiscal 1998 Actual	Legislative Budget 2000	2001	Percent of Total
General Fund*	\$44,225,101	\$46,348,032	\$47,457,127	19.10%
Percent of Total	21.51%	19.34%	19.10%	
State Special Revenue				
9 Mill State Assumed County Levy	\$7,697,612	\$8,275,945	\$7,977,000	3.21%
Public Health Laboratory Fees	1,254,401	1,273,257	1,272,310	0.51%
Food/Lodging License	423,119	425,245	424,528	0.17%
Baby Your Baby	105,916	107,637	107,487	0.04%
DHES Food and Consumer	69,557	69,907	69,788	0.03%
EMT Certification	33,361	34,221	34,137	0.01%
Indirect Cost Allocation	672	6,540	6,490	0.00%
Subtotal State Special Revenue	<u>\$9,584,638</u>	<u>\$10,192,722</u>	<u>\$9,891,740</u>	3.98%
Percent of Total	4.66%	4.25%	3.98%	
Federal Funds				
Medicaid Benefits - Matching	\$112,002,342	\$122,956,103	\$128,356,995	51.67%
Medicaid Benefits - 100% Fed.	15,767,682	20,538,915	23,207,178	9.34%
Women, Infants and Children	11,602,616	12,399,658	12,295,602	4.95%
Children's Health Insurance Prg.	0	11,740,105	11,740,975	4.73%
Medicaid Administration	2,721,763	2,812,646	2,806,287	1.13%
Maternal & Child Health Block Grt	2,463,085	2,638,910	2,637,079	1.06%
Preventive Health Block Grant	1,125,513	1,102,988	1,100,034	0.44%
Family Planning Title X	1,050,655	1,062,297	1,061,465	0.43%
AIDS Grant	1,039,955	1,048,948	1,048,031	0.42%
Data Integration	172,660	884,124	884,115	0.36%
Vaccination Program	851,594	825,475	822,282	0.33%
Breast/Cervical Cancer Prev.	741,193	754,145	753,304	0.30%
Tobacco Control	244,220	734,638	730,117	0.29%
Diabetes Control	226,684	574,400	573,943	0.23%
Ryan White Act, Title II	260,651	563,001	562,770	0.23%
EMS Data Injury	183,131	320,734	320,271	0.13%
Montana Lead Poison - Prev.	265,045	265,278	265,193	0.11%
Trauma System Development	0	239,093	238,770	0.10%
Sexually Transmitted Disease	216,457	216,896	216,188	0.09%
Primary Care Services	181,635	178,968	178,741	0.07%
Abstinence Education	0	185,614	185,315	0.07%
Food Inspection Program	33,228	160,704	160,389	0.06%
Tuberculosis Grant	116,206	116,440	115,970	0.05%
Nutrition Evaluation	0	115,941	115,941	0.05%
Seroprevalence/Surveillance	60,653	61,238	61,184	0.02%
Chronic Disease	47,903	54,003	53,734	0.02%
Healthy Child	50,000	50,044	50,028	0.02%
C.D. Epidemiologist	0	40,675	36,396	0.01%
EMS - Highway Traffic Safety	30,281	31,062	30,985	0.01%
Cost Allocation	302,907	445,456	443,840	0.18%
Subtotal Federal Funds	<u>\$151,758,059</u>	<u>\$183,118,199</u>	<u>\$191,053,092</u>	76.91%
Percent of Total	73.82%	76.41%	76.91%	
Total Funds	<u>\$205,567,798</u>	<u>\$239,658,953</u>	<u>\$248,401,959</u>	100.00%
Annual Rate of Change		7.97%	3.65%	

\*This table does not include the \$8 million general fund appropriated in SB 81 for state match for the CHIP program. If it did, general fund would comprise 20.6 percent of the total fiscal 2000 appropriation and 20.4 percent of the fiscal 2001 appropriation.

insurance companies for coverage that is similar to benefits provided by the state employee health plan. Families pay a one-time enrollment fee and a \$200 annual co-payment for services. Children must be determined ineligible for Medicaid to be enrolled in CHIP. Only income is counted in determining eligibility for CHIP, while resources and assets are also counted in determining eligibility for Medicaid. Unlike Medicaid, CHIP is not an entitlement program and services will be limited to the available appropriation. The department estimates that the 2001 biennium appropriation is adequate to fund services for 10,184 children.

Health services for low-income children provides up to \$100,000 general fund annually for health care services for children in families with incomes up to 185 percent of the federal poverty level. Language in HB 2 directs the department to contract with public or private entities for the administration and provision of primary and preventive health care benefits to children who are uninsured and not eligible for Medicaid benefits. The appropriation for health care services for low-income children may be allocated only to programs with an established statewide network of medical providers who have agreed to accept reimbursement at a rate lower than would normally be charged for their services. The appropriation may not be used to pay the state share of CHIP costs.

**Funding**

The division is funded from general fund, state special revenue, and federal funds. Table 15 shows the fiscal 1998 base budget funding compared to legislative action for the 2001 biennium by specific source.



General fund supports 19 percent of the division budget in the 2001 biennium, down from 21.5 percent in the fiscal 1998 base. The biggest share of general fund provides matching funds for the Medicaid programs administered by HPSD. About \$78 million (89.7 percent) of the \$87 million general fund request for the 2001 biennium pays matching costs for Medicaid hospital, physicians, and other practitioners services. The legislature appropriated in \$8 million general fund over the biennium for the CHIP match in SB 81. If the general fund match for CHIP and Medicaid caseload growth due to CHIP outreach were included, the general fund share of costs would increase about 1.3 percent each year of the biennium.

State special revenue supports about 4 percent of the HPSD budget. The largest source of state special revenue is the 9-mill levy income from state assumed counties. This revenue is also used as state match for Medicaid, bringing the total state match over the 2001 biennium to \$94 million.

Federal funds support 76 to 77 percent of the division budget in the 2001 biennium. Medicaid funds are the largest single source of funding with 62 percent of the fiscal 2001 appropriation and \$300.7 million over the biennium. WIC and CHIP federal funds are also significant funding sources, each accounting for 5 percent of the total appropriation in fiscal 2001.

#### Allocation of Maternal Child Health and Preventive Health Block Grants

Montana receives a \$2.5 million Maternal Child Health (MCH) Block Grant annually. Federal regulations specify that: 1) not more than 10 percent of the MCH Block Grant may be used for administering the program; 2) at least 30 percent of the MCH Block Grant must be used for preventive and primary services for children; and 3) at least 30 percent must be used for children with special needs. The state must conduct a comprehensive statewide assessment of MCH needs every 5 years. The MCH Block Grant requires that MCH funds must be matched with \$3 dollars of state or local funds for every \$4 of block grant funds. Entities which receive allocations from the MCH Block Grant provide the required match. The state must maintain the level of state funding provided for MCH programs in fiscal 1989 - \$485,480. Table 16 shows the allocation of the MCH Block Grant. The legislature adopted the executive allocation of the MCH Block Grant.

**Table 16**  
**Maternal and Child Health and Preventive Health Block Grants**  
**Fiscal 1998 Base Expenditures and 2001 Appropriation**

Block Grant/Allocation	Fiscal 1998 Base	Legislative Appropriation		Percent of Total
		Fiscal 2000	Fiscal 2001	
<b>Maternal &amp; Child Health Block Grant</b>				
Family/Community Health Bur.	\$1,354,210	\$1,383,233	\$1,381,797	52.40%
Children's Special Health Serv.	899,017	899,802	899,522	34.11%
MIAMI/Perinatal	127,687	284,662	284,641	10.79%
Family Planning	28,735	28,164	28,149	1.07%
Health Planning	23,111	18,764	18,713	0.71%
IDEA Data Integration	22,863	17,760	17,759	0.67%
Health Systems Bureau Admin.	7,432	6,525	6,498	0.25%
Cost Allocated Administration	<del>\$110,457</del>	<del>Unknown</del>	<del>Unknown</del>	N/A
<b>Total Direct</b>	<b><u>\$2,573,512</u></b>	<b><u>\$2,638,910</u></b>	<b><u>\$2,637,079</u></b>	<b>100.00%</b>
<b>Preventive Health Block Grant</b>				
Health Systems Bureau Admin.	\$342,477	\$300,680	\$299,467	27.22%
Emergency Medical Servs.	237,456	243,580	242,980	22.09%
Family Planning	194,924	190,169	190,063	17.28%
Sexual Assault/Rape Prevent.	113,950	116,022	115,931	10.54%
Chronic Disease	81,666	92,006	91,607	8.33%
Comm. Disease Bureau Admin.	71,969	82,517	82,221	7.47%
Tuberculosis	27,010	27,064	26,954	2.45%
Health Planning	23,109	18,764	18,712	1.70%
AIDS Prevention Grant	15,234	15,413	15,400	1.40%
Family/Community Health Bur.	11,718	12,052	12,039	1.09%
FOSB Data Integration	6,000	4,661	4,660	0.42%
Cost Allocated Administration	<del>83,560</del>	<del>Unknown</del>	<del>Unknown</del>	0.00%
<b>Total Direct</b>	<b><u>\$1,209,073</u></b>	<b><u>\$1,102,928</u></b>	<b><u>\$1,100,034</u></b>	<b>100.00%</b>
<b>Total</b>	<b><u>\$1,209,073</u></b>	<b><u>\$1,102,928</u></b>	<b><u>\$1,100,034</u></b>	

Montana receives about \$1.1 million annually for the Preventive Health Block Grant. No more than 10 percent of the block grant can be spent for administration. Funds must be used for sexual assault and rape prevention programs. Funds can be used to provide seed money for priority health programs that can be funded from other sources later and state-identified health problems and public health infrastructure for which there are no other funding sources. An advisory committee makes recommendations on the allocation of the Preventive Health Block Grant using criteria to rank the size and seriousness of a health problem, the effectiveness of intervention, and the availability of funding from other sources. Table 16 shows the allocation of the block grant. The legislature adopted the executive allocation of the MCH block grant.

Present Law Adjustments						
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund
Statewide Present Law						
Personal Services				176,517		
Inflation/Deflation				16,486		
Fixed Costs				34,160		
Total Statewide Adjustments				\$227,163		
Present Law Adjustments						
1	Medicaid Increases	.00	1,271,058	(2,251,963)	.00	2,661,067
2	Indian Health Services Increases	.00	0	10,394,230	.00	0
3	Medicare Buy-In Increases	.00	462,005	1,659,502	.00	722,432
5	HIV / AIDS Prevention	.00	0	300,000	.00	0
6	Drug Rebate System-PL	.00	(10,357)	(77,000)	.00	(9,569)
9	9 Mill Levy Income	.00	(495,945)	0	.00	0
30	Rate Reduction	.00	(4,675)	(9,350)	.00	(4,675)
Total PL Adjustments		.00	\$1,222,086	\$10,015,419	.00	\$3,369,255
Present Law Adjustments Total				\$10,242,582		

### Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**DP 1 - Medicaid Increases -** The legislature approved present law adjustments of \$3.9 million general fund over the biennium (\$700,000 total funds) for Medicaid primary care (hospital and non-hospital) services caseload and utilization increases. This increase was \$7.9 million total funds (\$2.2 million general fund) less than the executive request. Statistics and mathematical trends relating to monthly eligibility, type of provider, number of services, cost per service, and health care inflation are taken into account in the executive projections.

The present law adjustment includes more general fund than total funds because of an accounting error that inadvertently recorded excess federal funds in the base budget for this Medicaid benefit. Since there are excess federal funds, the present law adjustment reduces federal funds to the correct funding mix for the 2001 biennium.

**DP 2 - Indian Health Services Increases -** The legislature approved the executive request to add \$22.7 million additional federal funds for increased caseload for Indian Health Services (IHS) over the biennium. Part of the increase (\$13.2 million) is needed to account for expenditures in fiscal 1998 that were incorrectly recorded in the primary care Medicaid program. The balance of

the increase is due to caseload growth. The Montana Indian Health Services is making a concerted effort to identify all Medicaid eligible persons who are also IHS recipients and to bill appropriately for services. As a result this program has had substantial growth in the past and is expected to continue to grow through the next biennium. This program is mandated by federal law and is funded from federal funds.

DP 3 - Medicare Buy-In Increases - The legislature approved the executive request for \$4.3 million total funds, including \$1.2 million general fund, for increased premium costs for the Medicare Buy-In program to pay Medicare premiums for indigent Medicare beneficiaries. The total increase for this program is based on the expected increase in premiums, which are established by the federal government. The executive request based premium increases on information from a report from the National Governor's Association, which indicates that premiums for Part B will increase by 53 percent over the next four years with an average increase of 13.25 percent per year. Premiums for Medicare Part A are projected to increase by an average of 1.25 percent per year. The number of clients in the program is not expected to change as the number of persons eligible has been static over the last several years.

DP 5 - HIV/AIDS Prevention - The legislature approved \$600,000 federal funds to pay for HIV services and treatment for Montana residents who do not have other resources. Types of services include: 1) case management services to locate proper medical treatment, find adequate housing, and encourage appropriate nutritional management; and 2) funding for newly developed treatments for those who have developed resistance to current treatments. DPHHS has not yet received the grant award, but is estimating the amount based on congressional appropriations.

DP 6 - Drug Rebate System-PL - The legislature accepted the executive proposal to reduce total net costs by \$154,000, including \$20,000 general fund, through the recovery of outpatient drug costs from rebate agreements with manufacturers. This adjustment also includes \$50,000 per year to fund contracted services for system support. Expected savings are \$127,000 per year.

DP 9 - 9 Mill Levy Income - The legislature appropriated the fund balance in the state special revenue account for the 9-mill levy remitted by state assumed counties and reduced general fund. Total funds do not change, but general fund appropriations were reduced \$495,945 in fiscal 2000. Property tax changes adopted by the legislature reduced the income that the department will receive from the 9-mill levy by \$1.5 million over the biennium. However, the legislature did not reduce the 9-mill levy appropriation to reflect the impact of tax law changes.

DP 30 - Rate Reduction - The legislature reduced rental rates and ISD data network service rates.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal
Description		FTE	General Fund	Total Funds	FTE	General Fund	T F
2	SB81 - CHIP Federal Match	4.00	0	15,116,017	4.00	0	1:
4	Foodborne Illness Surveillance	.00	0	127,308	.00	0	
6	Abstinence Education	.00	0	185,614	.00	0	
7	Women's Health Educator	.00	0	37,235	.00	0	
8	Chronic Disease Epidemiologist	1.00	0	40,675	1.00	0	
9	Diabetes Control	.00	0	294,481	.00	0	
11	Trauma System Development	1.00	0	239,093	1.00	0	
12	EMS Quality Improvement	.00	0	132,881	.00	0	
13	Medicaid Provider Rate Increase	.00	168,810	606,358	.00	333,373	
14	Hospital DRG Rebase	.00	371,200	1,333,333	.00	362,933	
15	Ambulatory Surgical Centers	1.00	(47,288)	(205,375)	1.00	(47,867)	
16	Integrated Data for Evaluation & As	.00	0	750,000	.00	0	
19	Drug Rebate System-NP	1.00	14,775	29,549	1.00	14,674	
20	SEARCH Grant	.00	0	115,941	.00	0	
22	Mortality & Morbidity Review Grant	.00	0	150,000	.00	0	
23	WIC Grant Increase	.00	0	790,998	.00	0	
24	Health Svcs for Low-Income Children	.00	100,000	100,000	.00	100,000	
25	Tobacco Prevention and Control	2.00	0	504,465	2.00	0	
26	Expanded Tobacco Prevention/Control	3.00	3,500,000	3,500,000	3.00	3,500,000	
Total New Proposals		13.00	\$4,107,497	\$23,848,573	13.00	\$4,263,113	\$2:

**New Proposals**

DP 2 - SB81 - CHIP Federal Match - The legislature added \$30.4 million federal funds for the Children's Health Insurance Program (CHIP) and anticipated Medicaid expansion due to CHIP outreach. The state matching funds - \$8 million over the biennium - are appropriated in SB 81, which authorizes the CHIP program in statute. SB 81 also directs that tobacco settlement proceeds must be deposited to the general fund and specifies that the \$8 million in matching funds is appropriated from tobacco settlement proceeds.

CHIP was started as a pilot program December 1998, covering about 940 children. The number of children covered by CHIP is estimated to increase to 10,184 during the 2001 biennium. This funding also supports 4.0 new FTE to administer the expanded program.

The state and federal funds appropriated for CHIP include \$9.5 million total funds over the biennium for the cost of Medicaid increases projected due to CHIP outreach. The state match for the Medicaid increase - \$2.6 million over the biennium is appropriated in SB 81. The department estimated that an additional 3,375 children would be determined eligible for Medicaid due to CHIP outreach. Children who are eligible for Medicaid cannot be covered by CHIP.

The state will purchase insurance through private companies to cover children enrolled in CHIP. The annual cost of an insurance policy is expected to be about \$1,156. Families will pay an annual deductible of \$200 and a one-time enrollment fee.

DP 4 - Foodborne Illness Surveillance - The legislature added \$254,000 federal funds from the Centers for Disease Control to conduct foodborne illness surveillance. This grant started in fiscal 1999 and was authorized with a budget amendment. The grant is expected to last five years. DPHHS received the grant because Montana has a high incidence of E. coli. Grant funds would be used initially to study E. coli and enhance laboratory capabilities to detect E. coli, but workloads will be evaluated to determine if other foodborne illnesses can be included. The department withdrew its request for an FTE in this new proposal.

DP 6 - Abstinence Education - The legislature approved the executive request for \$371,000 federal funds to continue the abstinence education project started through a budget amendment in fiscal year 1998. DPHHS is using the current grant to fund development and implementation of a statewide abstinence education program. The legislature added language to HB 2 requiring the department to report on activities, outcomes, and plans for the grant.

DP 7 - Women's Health Educator - The legislature approved the executive request for \$74,000 federal funds to provide health education. A 1989 DHHS federal audit of the Family Planning Program recommended that a full-time position be added to the program to be responsible for education services, community outreach and marketing, and evaluating education services in local family planning programs. Funding restricted for the position has been included in the annual Title X funding award to Family Planning since the 1989 federal audit. Until last year, this position was filled by contract staff, but was switched to a modified position in fiscal 1998. It will continue as a modified position FTE.

DP 8 - Chronic Disease Epidemiologist - The legislature approved \$77,000 federal funds and 1.00 FTE for chronic disease epidemiology and data analysis services. The legislature added language to HB 2 specifying that if the federal grants supporting this position declined or ended, the department could not request continued funding of the FTE.

This FTE was authorized by the 1997 legislature on a "one-time-only" basis pending receipt of

permanent federal funding for the position. DPHHS allocated federal grant increases and reallocated some federal funding to support the position. It is funded equally from the following federal grants: Behavioral Risk Factor Surveillance; Diabetes Control; Tobacco Control; and Tumor Registry.

DP 9 - Diabetes Control - The legislature approved the executive request for \$589,000 federal funds over the biennium from the Centers for Disease Control to expand the Montana Diabetes Project. The project supports the work of local health care providers, assists community efforts, and raises public awareness of the seriousness of this disease. In Montana, approximately \$13,000 is spent each year in direct and indirect costs per person with diagnosed diabetes.

DP 11 - Trauma System Development - The legislature approved \$478,000 federal funds, including 1.00 FTE, from the Centers for Disease Control to implement a system for the care of trauma patients. The funds will be used to improve management of trauma patients by developing and implementing protocols for pre-hospital care, inter-facility transfers, and trauma team activation. The legislature adopted language stating that if federal funding for the system was eliminated, continued funding for the FTE could not be requested.

DP 12 - EMS Quality Improvement - The legislature approved the executive request for \$266,000 federal Emergency Medical Services (EMS) Data Injury funds to increase funding for ongoing support, training, and assistance to local EMS units. Patient collection software has been provided to most Montana ambulance services. Ongoing support and assistance would be used to train local EMS units to use this software, evaluate the reports, and make changes in the service delivery based on their local data. This data would also be used for statewide epidemiology and injury prevention.

DP 13 - Medicaid Provider Rate Increase - The legislature approved a 1 percent provider increase for all Medicaid non-hospital services for a total cost of \$1.2 million total funds and \$0.5 million state general fund. The legislature funded the hospital DRG rebase in lieu of a provider rate increase for hospitals. The legislature added language directing that the provider rate increase be used to phase in the RBRVs - a reimbursement system for non-hospital providers.

DP 14 - Hospital DRG Rebase - The legislature approved the executive request for \$2.7 million total funds (\$734,000 general fund) to rebase reimbursement rates for inpatient hospital services to account for changes in medical practice, medical technology, service delivery, and hospital costs that have occurred over the last three years. The Montana Medicaid DRG system was last rebased on July 1, 1996 and will be rebased again on July 1, 1999. Current payments are estimated to be about 88 percent of the costs incurred by hospitals. The legislature approved the DRG rebase but not the 1 percent provider rate increase for hospitals that was also included in the Executive Budget.

DP 15 - Ambulatory Surgical Centers - The legislature approved funding for 1.0 FTE to manage the ambulatory surgical center program. Implementation of the program is expected to generate Medicaid savings by reimbursing outpatient services in ambulatory surgical centers at a lower cost than similar hospital care. The net change over the biennium is a reduction of \$415,000 total funds (\$95,000 general fund).

DP 16 - Integrated Data for Evaluation and Assessment - The legislature approved the executive request for \$1.5 million federal funds over the biennium to continue integration of various public health county and state systems to enhance efficiency and eliminate duplication of computer systems and applications used by public health staffs. In the 1999 biennium, the Integrated Data

for Evaluation and Assessment (IDEA) project completed its first phase, which was the development of a comprehensive and user-friendly data system for use at local public health departments. In the coming biennium, IDEA is scheduled to complete a Common Local Intake for use at the local level. The Common Local Intake is a system that will link the Public Health Data System with the other health data systems used at the local level to share client demographic information among the linked systems and eliminate duplicative input and interviewing. In addition, a state data warehouse will be developed, that will combine extracts of de-identified information for reporting and analysis.

DP 19 - Drug Rebate System-NP - The legislature appropriated \$29,000 general fund (\$59,000 total funds) for 1.00 FTE to continue DPHHS efforts to maximize the savings to the Medicaid program through the collection of drug rebates. The 1997 legislature authorized funding for the position as a one-time-only cost. Over the past several years collections of drug rebates steadily increased - about 7 percent per year. Since hiring this position, the average quarterly rebate collections have increased \$162,703 or 10.2 percent. Cost savings of about \$206,000 due to continuation of this position are included in the Medicaid primary care appropriation.

DP 20 - SEARCH Grant - The legislature approved the executive request for \$232,000 federal funds over the biennium to contract with MSU for student/resident community health experience and rotations in medically underserved, community-oriented, primary care areas. Funds will support the cost for medical students to come to Montana to learn about primary care services in a rural area. Students will work with local doctors, who will donate their teaching time.

DP 22 - Mortality and Morbidity Review Grant - The legislature approved \$300,000 federal funds to implement a state mortality and morbidity review support program to improve the health of women, infants, and children. The funds will be used to support state and local reviews of fetal, infant, and child deaths in Montana and to develop and recommend policies that prevent further occurrences.

DP 23 - WIC Grant Increase - The legislature added \$1.5 million federal funds over the biennium for anticipated increases in the Women, Infants, and Children grant.

DP 24 - Health Services for Low-Income Children - The legislature adopted the executive request to add \$100,000 general fund each year of the biennium for health services for children in families with incomes less than 185 percent of the federal poverty level (\$25,050 for a family of 4 in 1999). The legislature added language to HB 2 specifying that the funds must be used to contract with public or private entities for the administration and provision of primary and preventive health care benefits to children who are uninsured and not eligible for Medicaid benefits. Funds may be allocated only to those programs that have established a statewide network of medical providers who have agreed to accept reimbursement at a rate lower than would normally be charged for their services. Funds may not be used to pay the state share of CHIP costs.

DP 25 - Tobacco Prevention and Control - The legislature appropriated \$1 million in federal funds and 2.0 FTE to expand tobacco use prevention activities directed toward youth, Native Americans, and women of childbearing age. DPHHS will increase the number of communities receiving funding, school-based prevention programs, and public awareness activities. Cancer control and tobacco use prevention have been identified as priority public health concerns by DPHHS, as described in "Montana Health Agenda", April 1998.

DPHHS expects to receive a five-year grant award to support this expansion, beginning in fiscal



2000. The FTE are currently on board and accounted for as modified (not permanent) FTE. The FTE: manage grants to 13 community based coalitions; provide support and funding oversight for grants for youth programs and Native America projects; provide public education and training; and provide staff support to a statewide tobacco prevention coalition.

The legislature designated this funding as a new proposal rather than a present law adjustment and added language to HB 2, stating that new funds are to be used for grants to communities.

DP 26 - Expanded Tobacco Prevention/Control - The legislature appropriated \$3.5 million general fund each year for tobacco prevention and control programs for Montana citizens. The funding comes from tobacco settlement funds deposited to the general fund. The appropriation supports 3.0 FTE and about \$1.7 million in grants to communities and other local entities for tobacco cessation and prevention programs.

### **Language**

"The department is authorized to use up to \$50,000 of general fund money from other appropriations within the department for expenditures related to disease outbreaks and other public health emergencies that may occur during the 2001 biennium."

"The department shall provide detailed information on the services provided and results of MIAMI programs on reservations to the appropriate legislative committee by September 1, 2000."

"The department shall prepare and present a report to the appropriate legislative committee on activities funded by the federal abstinence education grant. The department should present the report at the first committee meeting convened after the end of fiscal year 2000. The report must: (1) enumerate and explain how grant funds were expended by type of expenditure in fiscal year 1999 and fiscal year 2000; (2) explain the status of training for communities and other entities; (3) explain other information pertinent to federal grant requirements and outcomes; and (4) identify measurable program goals and objectives for fiscal year 2001 and the 2003 biennium."

"Item [Health Policy Services Division] includes \$62,899,987 in fiscal year 2000 and \$63,781,717 in fiscal year 2001 for Medicaid-funded hospital services."

"Funds in item [Health Care Services for Low-Income Children] must be used to contract with public or private entities for the administration and provision of primary and preventive health care benefits to children who are uninsured and not eligible for Medicaid benefits. To qualify, the family income may be no greater than 185% of the federal poverty level. Funds in item [Health Care Services for Low-Income Children] may be allocated only to those programs that have established a statewide network of medical providers who have agreed to accept reimbursement at a rate lower than would normally be charged for their services. Funds in item [Health Care Services for Low-Income Children] may not be used to pay the state share of Children's Health Insurance Program costs."

"Item [SB 81 - Establish Children's Health Insurance Program (CHIP)] is contingent on passage and approval of Senate Bill No. 81."

"Implementation of the resource-based relative value scale (RBRVS) provider rate system must be phased in over the 2001 biennium. The department shall use funds in item [Medicaid Provider Rate Increase] to raise rates paid to those codes that are paid the lowest percentage of Medicare reimbursement. The department shall freeze reimbursement for all other procedure codes

previously decreased under the phase in of the RBRVS reimbursement system at the fiscal year 1999 level of reimbursement."

"The department shall use \$430,000 of funds each year of the biennium in item [Tobacco Prevention and Control] to increase grants to local governments and communities."

"Item [Chronic Disease Epidemiologist] includes funds for a chronic disease epidemiologist FTE. If the federal grant funds supporting this position decline or are eliminated, the department shall reduce the FTE from its budget request for the 2003 biennium. Federal grants supporting this position include the behavioral risk surveillance grant, the diabetes control grant, the tobacco control grant, and the tumor registry grant."

"If federal grant funds supporting item [Trauma System Development] decline or are discontinued, the department shall remove funding for the FTE supported by this federal grant in its 2003 biennium budget request."